

CHAPTER 16

VALUE ENGINEERING

16-1. PURPOSE. Value Engineering (VE) is an organized effort to analyze a system and its functional purpose so as to achieve the required functions at the lowest total cost. Value engineering will be used to lower a project's life cycle costs while maintaining or improving its quality, performance, reliability, maintainability, safety, and value. The functional analysis technique and the speculation phase of the VE methodology clearly separates a value engineering review from other technical reviews.

16-2. APPLICABILITY. It is the Corps of Engineers' policy that value engineering will be actively applied in civil works and military funded activities and in the performance of work for others. OMB Circular No. A-131 states that VE must be applied to all projects of \$1 million or more. Huntsville Division is committed to having an active and productive VE program.

16-3. REFERENCE DOCUMENTS

- a. AR 5-4 and OCE Supplement I, DA Productivity Improvement Program (DAMPPIP)
- b. OMB Circular No. A-131, Value Engineering
- c. HNDR 5-1-3, Huntsville Division Value Engineering Program
- d. FAR Part 48 and Part 52.248, Federal Acquisition Regulation - Value Engineering

16-4. GENERAL INSTRUCTIONS

a. Value Engineering Change Proposals (VECP). FAR 52.248-1 addresses the submission of VECP's for all contracts other than A-E and construction-type contracts. FAR 52.248-3 addresses the submission of VECP's for construction contracts. Under both these clauses the savings are shared between the contractor and the Government.

b. Value Engineering Proposals (VEP). FAR 52.248-2 addresses the performance of value engineering services and the submission of value engineering proposals by an A-E contractor. Should the Government choose to include this clause in the A-E contract, it would require a VE evaluation at specified stages of design and the sub-mission of any resulting VEP's. The contractor will be paid for this effort, but will not share in the saving.

c. CEHND Studies. The Corps of Engineers may choose to perform VE studies at any stage of design completion. The A-E will recommend high-cost, low-value items or systems that have potential for VE study whether or not the VE clause is in his contract. These recommendations should be furnished to the contracting officer with a copy to the value engineering officer. The A-E may be tasked to be a member or a consultant to the VE study team. The CO may direct the A-E to implement any or all design changes resulting from the VE study. Redesign work resulting from a VE study will be considered a change to the scope of work.